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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

**Reconciliation of Cost of Goods Sold Reported
on Schedule M-3****2006**

▶ Attach to Schedule M-3 for Form 1065, 1120, or 1120S.

Name of common parent Employer identification numberName of subsidiary Employer identification number

Cost of Goods Sold Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Amounts attributable to cost flow assumptions . . .				
2 Amounts attributable to section 263A costs:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach schedule)				
7 Other items with no differences				
8 Total cost of goods sold. Add lines 1 through 7. Enter total on Schedule M-3 (Form 1065), Part II, line 15; Schedule M-3 (Form 1120), Part II, line 17; or Schedule M-3 (Form 1120S), Part II, line 15.				